

## Title 18. State Board of Equalization

### NOTICE IS HEREBY GIVEN

The State Board of Equalization (Board), pursuant to the authority vested in it by section 15606, subdivision (a), of the Government Code, proposes to amend sections 1807, Process for Reviewing Local Tax Reallocation Inquiries and 1828, Process for Reviewing Transactions and Use Tax Distributions, in Title 18, Division 2, Chapter 4, Articles 19 and 20 of the California Code of Regulations, relating to regulatory changes to the processes for reviewing petitions for local tax reallocations and transition and use tax redistributions. A public hearing on the proposed regulations will be held in Room 121, 450 N Street, Sacramento, at 1:30 p.m., or as soon thereafter as the matter may be heard, on Wednesday, May 28, 2008. At the hearing, any person interested may present statements or arguments orally or in writing relevant to the proposed regulatory action. The Board will consider written statements or arguments if received by May 28, 2008.

### INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Sales and Use Tax Regulation 1807 provides the process for reviewing requests by local jurisdictions for investigation of suspected misallocation of local taxes imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law. Procedures for processing such requests were adopted by the Board in 1996. Based in part on these procedures, the Board adopted Regulation 1807 in August 2002 to formalize procedures for reviewing appeals for reallocation of local tax. The process for reviewing appeals of distributions of taxes imposed under the Transactions and Use Tax Law (commonly called “district taxes”) is explained in Regulation 1828, which was adopted in March 2004, based in large part on Regulation 1807.

Regulations 1807 and 1828 currently provide for five levels of review: by Allocation Group, by Refund Section Supervisor, by Local Tax Appeals Auditor, by Board Management and by Board Members. Board staff met with interested parties on October 10, 2007, and November 27, 2007, to discuss proposed revisions to Regulations 1807 and 1828. Based on comments from interested parties, staff proposed specified revisions to the regulations. As proposed, Regulations 1807 and 1828 would streamline the appeals process by eliminating two unneeded levels of review. The proposed revisions would also notify a jurisdiction of a decision that substantially affects it and allow that jurisdiction to also appeal to the next level within the same administrative proceeding. Thus, under the proposed regulations, there would be three levels of review: by Allocation Group, by Appeals Division and by Board Members.

### COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined that the proposed amendments do not impose a mandate on local agencies or school districts. Further, the Board has determined that the amendments and regulations will result in no direct or indirect cost or savings to any State agency, any costs to local agencies or school districts that are required to be reimbursed under Part 7 (commencing with section 17500) of Division 4 of Title 2 of the Government Code or

other non-discretionary costs or savings imposed on local agencies, or cost or savings in federal funding to the State of California.

## EFFECT ON BUSINESS

Pursuant to Government Code section 11346.5, subdivision (a)(8), the Board of Equalization makes an initial determination that the adoption of the amendments to Regulations 1807 and 1828 will have no significant statewide adverse economic impact directly affecting business.

The adoption of the proposed amendments to these regulations will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses nor create or expand business in the State of California.

The amendments to the regulations as proposed will not be detrimental to California businesses in competing with businesses in other states.

The proposed regulations may affect small business.

## COST IMPACT ON PRIVATE PERSON OR BUSINESSES

The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

## SIGNIFICANT EFFECT ON HOUSING COSTS

No significant effect.

## FEDERAL REGULATIONS

Regulations 1807 and 1828 and the proposed changes have no comparable federal regulations.

## AUTHORITY

Section 7051, Revenue and Taxation Code.

## REFERENCE

Sections 7209, 7223 and 7270, Revenue and Taxation Code.

## CONTACT

Questions regarding the substance of the proposed regulation should be directed to Ms. Windie O. Scott, telephone: (916) 323-2267, e-mail [Windie.Scott@boe.ca.gov](mailto:Windie.Scott@boe.ca.gov) or by mail at State Board of Equalization, Attn: Ms. Windie Scott, MIC:82, P.O. Box 942879, 450 N Street, Sacramento, CA 94279-0082.

Written comments for the Board's consideration, notice of intent to present testimony or witnesses at the public hearing, and inquiries concerning the proposed administrative action should be directed to Ms. Mira Tonis, Regulations Coordinator, telephone (916) 319-9518, fax (916) 324-3984 , e-mail [Mira.Tonis@boe.ca.gov](mailto:Mira.Tonis@boe.ca.gov) or by mail at State Board of Equalization, Attn: Mira Tonis, MIC:81, P.O. Box 942879, 450 N Street, Sacramento, CA 94279-0080.

## ALTERNATIVES CONSIDERED

The Board determined that no reasonable alternative considered by it or that has been otherwise identified and brought to its attention would be more effective in carrying out the purpose for which this action is proposed, or be as effective and less burdensome to affected private persons than the proposed action.

## AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATION

The Board has prepared an initial statement of reasons and an underscored and strikeout version (express terms) of the proposed regulation. Both of these documents and all information on which the proposal is based are available to the public upon request. The Rulemaking file is available for public inspection at 450 N Street, Sacramento, California. The express terms of the proposed regulation are available on the Internet at the Board's Web site: <http://www.boe.ca.gov>.

## AVAILABILITY OF FINAL STATEMENT OF REASONS

The final statement of reasons will be made available on the Internet at the Board's Web site following its public hearing of the proposed regulation. It will also be available for public inspection at 450 N Street, Sacramento, California.

## ADDITIONAL COMMENTS

Following the hearing, the State Board of Equalization may, in accordance with the law, adopt the proposed regulations if the text remains substantially the same as described in the text originally made available to the public. If the State Board of Equalization makes modifications which are substantially related to the originally proposed text, the Board will make the modified text, with the changes clearly indicated, available to the public for fifteen days before adoption of the regulation. The text of any modified regulation will be mailed to those interested parties who commented on the proposed regulatory action orally or in writing or who asked to be informed of such changes. The modified regulation will be available to the public from Ms. Tonis. The State Board of Equalization will consider written comments on the modified regulation for fifteen days after the date on which the modified regulation is made available to the public.